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WISCONSIN

FEDERAL MILK ORDER BULLETIN



for the

Milwaukee, Northeastern
and Madison Marketing Areas

C. T. McCleery - Market Administrator

AUGUST 1965

USDA ANNOUNCES JOINT HEARING ON CLASS I PRICING

The U.S. Department of Agriculture will hold a joint public hearing beginning at 10 a.m., September 15, 1965 at the Pick-Congress Hotel, to consider proposals from dairy farmers to increase the bottling milk (Class I) prices under 12 Midwest Federal milk orders.

Assistant Secretary of Agriculture George L. Mehren said the hearing is being held primarily to consider the bottling milk (Class I) price under the Chicago milk order. But since bottling milk prices in the other 11 markets are tied to the Chicago price, the hearing will consider whether such ties should be maintained in their present form or should be modified.

The other 11 orders involved cover (to page 8)

SKIM MILK PRICING UNDER REGULATORY ORDERS

In the case of skim milk used for fluid milk products, the cost of the raw products which handlers pay is determined by prices established under various Federal and State milk orders. The following assumed prices per 100 pounds of 3.5 percent Class I milk and butterfat differential illustrates the method of arriving at skim milk costs.

(a) Class I price -- \$5.00 (b) Butterfat differential per each 0.1 percent of milkfat above or below the basic test -- 7.2 cents.

The butterfat differential in fluid markets is based on wholesale butter prices since butter is considered the residual outlet for milkfat. When a handler receives 100 pounds of (to page 8)

— DATA IN BRIEF - FOR THE MAN IN A HURRY —

	Milwaukee Order No. 39		Northeastern Wis. Order No. 45		Madison Order No. 51	
<u>JULY 1965</u>						
Class I Price & Differential	\$3.84	7.1¢	\$3.70	7.4¢	\$3.84	7.1¢
Class II Price & Differential	\$3.21	6.8¢	\$3.21	6.8¢	\$3.21	6.8¢
Producer Price & Differential	\$3.72	7.0¢	\$3.58	7.2¢	\$3.72	7.0¢
Pounds of Producer Milk	77,780,911		34,873,352		15,084,176	
Percentage in Class I	80.3%		70.5%		78.3%	
<u>AUGUST 1965</u>						
Class I Price & Differential	\$4.05	7.1¢	\$3.91	7.4¢	\$4.05	7.1¢

UNIFORM PRICES AND

COMPUTATION

PRODUCER PRICES FOR JULY 1965

Milwaukee Wisconsin Marketing Area
Federal Order No. 39

Minimum prices per hundredweight to be paid on or before the 15th of each month to producers for 3.5% milk, f.o.b. plant. These prices are subject to a butterfat differential per point over and under 3.5% and to a deduction of 2 cents per hundredweight for marketing service for nonmembers. In the case of members of approved cooperatives, these prices are subject to the deductions authorized by the associations.

The prices listed below do not include any premium payments which may be paid by handlers and which may bring actual payments in excess of minimum requirements.

Name of Handler	Minimum Pay Price	B.F. Dif'l
Blochowiak Dairy	\$3.65	7.0¢
The Borden Co.	3.70	7.0
Cedarburg Dairy, Inc.	3.73	7.0
Christiansen's Dairy	3.76	7.1
Fairmont Foods Co.	3.74	7.1
Gehl Guernsey Dairy	3.67	7.0
Golden Guernsey Dairy	3.71	7.0
Harmony Dairy Products	3.70	7.0
Hawthorn-Mellody Farms	3.72	7.0
Healthway Dairy, Inc.	3.80	7.1
Home Dairy	3.72	7.0
Keystone Farms	3.82	7.0
Krueger Dairy	3.83	7.1
McFarlands' Farm Dairy	3.57	7.0
Milk Producers Coop.	3.61	7.0
Mullen's Dairy	3.67	7.0
Progressive Dairy Prod.	3.75	7.0
Pure Milk Association	3.83	7.1
Roets Home Dairy	3.71	7.0
Sealtest Foods	3.73	7.1
Vande Kolk Dairy	3.81	7.1
Warren Dairy	3.90	7.1
Wayside Dairy	3.85	7.1
West Side Dairy, Inc.	3.80	7.1

WEIGHTED AVERAGE 7.0¢

Weighted Average of Producer
Prices for Information Purposes: \$3.72

JULY 1965

Producer Milk in Class I

Producer Milk in Class II

Total Milk and Value Before Adjustments

Adjustments for Value of:

Overage Deducted from Classes I & II
Beginning Inventory Reclassification
Other Source Milk Deducted from Class I
Butterfat More or Less than 3.5 Percent
Plant Location Differentials
Half of Producer-Equalization Fund

Aggregate Value and Average Price

Reserve to Producer-Equalization Fund

Uniform Price to Producers for 3.5% Milk

* Subject to location differentials. These minimum pay

MANUFACTURING PRICES AND

Year and Month	92 Score Butter Chicago	Cheddar Cheese Wis.	Spray Dry Skim	Basic Formula Price	Handler B'fat Dif'l C.I.* C.II
1964	cents	cents	cents	dol.	cents
July	58.00	33.75	14.23	3.11	7.0 6.7
Aug.	59.51	34.38	14.30	3.12	7.0 6.8
Sep.	61.32	36.31	14.30	3.15	7.1 7.1
Oct.	60.47	36.75	14.29	3.24	7.4 7.0
Nov.	62.27	36.75	14.23	3.27	7.3 7.2
Dec.	59.24	36.75	14.20	3.29	7.5 6.8
1965					
Jan.	58.00	35.38	14.23	3.29	7.1 6.7
Feb.	57.99	35.25	14.27	3.25	7.0 6.7
Mar.	57.99	35.25	14.25	3.22	7.0 6.7
Apr.	58.97	35.20	14.22	3.22	7.0 6.8
May	58.97	34.75	14.28	3.23	7.1 6.8
June	58.97	34.75	14.21	3.22	7.1 6.8
July	59.00	34.75	14.24	3.20	7.1 6.8
Aug.				3.21	7.1

*Exception, Order 45 is .125 x the butter price (Col. 1) for the preceding month. August is 7.4¢.

OTHER PRICE DATA

OF UNIFORM PRICES

Northeastern Wisconsin Marketing Area Federal Order No. 45				Madison Wisconsin Marketing Area Federal Order No. 51			
Pounds of Milk	Average B'fat Test	Price at Test	VALUE	Pounds of Milk	Average B'fat Test	Price at Test	VALUE
24, 586, 407	3.578640	\$3.759327	\$924, 283.48	11, 811, 809	3.515583	\$3.802046	\$449, 090.36
<u>10, 286, 945</u>	<u>3.602362</u>	<u>3.279606</u>	<u>337, 371.29</u>	<u>3, 272, 367</u>	<u>3.720946</u>	<u>3.360244</u>	<u>109, 959.51</u>
34, 873, 352			\$1, 261, 654.77	15, 084, 176			\$559, 049.87
			399.08				1, 028.30
			720.04				179.02
			-				9, 463.99
			-21, 502.56				-7, 974.25
			-288.32				7, 517.84
			<u>22, 972.31</u>				<u>6, 498.90</u>
			\$3.624416			\$3.762422	\$575, 763.67
			<u>.044416</u>			<u>.042422</u>	<u>-6, 491.78</u>
			<u>\$3.58*</u>			<u>\$3.72*</u>	\$569, 271.89

prices do not include any premium payments which may be paid by handlers.

FEDERAL ORDER PRICES FOR WISCONSIN AREAS - NO. 39, NO. 45, NO. 51

Class I Price Differentials			Supply-Demand Adjustments			Class I Prices			Uniform Prices to Producers** and Producer Butterfat Differentials					
No.39	No.45	No.51	No.39	No.45	No.51	No.39	No.45	No.51	Milwaukee	Northeast	Madison			
cents			cents			dollars			dol. cents	dol. cents	dol. cents			
88	74	88	-24	-24	-24	3.75	3.61	3.75	3.64	6.9	3.46	7.0	3.61	6.9
108	94	108	-24	-24	-24	3.96	3.82	3.96	3.82	7.0	3.62	7.1	3.78	6.9
108	94	108	-24	-24	-24	3.99	3.85	3.99	3.89	7.1	3.69	7.3	3.87	7.1
108	94	108	-24	-20	-24	4.08	3.98	4.08	3.98	7.3	3.74	7.4	3.96	7.3
108	94	108	-24	-16	-24	4.11	4.05	4.11	3.96	7.3	3.76	7.4	3.94	7.3
88	74	88	-24	-16	-24	3.93	3.87	3.93	3.81	7.3	3.63	7.4	3.77	7.3
88	74	88	-24	-20	-24	3.93	3.83	3.93	3.79	7.0	3.57	7.1	3.73	7.0
88	74	88	-24	-24	-24	3.89	3.75	3.89	3.75	6.9	3.53	7.0	3.67	6.9
68	54	68	-24	-24	-24	3.66	3.52	3.66	3.58	6.9	3.39	7.0	3.55	6.9
68	54	68	-24	-24	-24	3.66	3.52	3.66	3.58	6.9	3.39	7.0	3.53	6.9
68	54	68	-24	-24	-24	3.67	3.53	3.67	3.56	7.0	3.39	7.1	3.50	7.0
68	54	68	-24	-24	-24	3.66	3.52	3.66	3.55	7.0	3.38	7.1	3.48	7.0
88	74	88	-24	-24	-24	3.84	3.70	3.84	3.72	7.0	3.58	7.2	3.72	7.0
108	94	108	-24	-24	-24	4.05	3.91	4.05						

** Weighted averages are shown for Milwaukee and all markets when base and excess prices are in effect.

UTILIZATION AND CLASS

FEDERAL ORDER

— MILWAUKEE MARKET NO. 39 —

I T E M	July 1965		June 1965		July 1964	
	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat
CLASS I MILK						
Packaged Products:						
Fluid Milk	46,632	3.5	45,298	3.5	42,643	3.5
Flavored Milk	1,353	3.5	1,424	3.5	1,273	3.5
2% Skim Milk, Solids Added	5,807	2.1	5,549	2.1	3,721	2.1
" " " , Plain	1,681	2.1	1,678	2.1	1,407	2.1
Skim Milk, Solids Added	2,198	.4	2,164	.4	1,924	.4
Plain Skim	938	.7	925	.7	980	.7
Buttermilk	730	1.0	634	1.0	819	1.0
Flavored Milk Drink	233	.5	197	.5	205	.4
Half & Half	1,191	12.4	1,037	12.5	1,063	12.4
Light Cream	30	19.0	29	19.1	45	19.0
Whipping Cream	215	33.7	238	33.7	172	32.6
Cultured Cream	320	17.8	291	18.3	317	19.0
Subtotal	61,328	3.5	59,464	3.5	54,569	3.5
Bulk Sales to Nonhandlers	1,329	3.5	1,890	3.5	283	3.6
Unaccounted for Milk	212	7.3	234	3.2	213	6.1
Total Utilized in Class I	62,869	3.5	61,588	3.5	55,065	3.5
Nonpool Receipts*	-419	4.7	-316	5.6	-132	4.6
CLASS I - PRODUCER MILK	62,450	3.5	61,272	3.5	54,933	3.5
CLASS II MILK						
Bakeries et al.	127	13.0	120	12.2	120	11.0
Cottage Cheese	4,610	.9	4,854	.9	5,085	.9
Cheese	5,099	3.3	5,981	3.6	3,042	3.3
Butter	1,102	5.6	1,578	7.1	948	6.2
Evap., Cond., & Pwd.	3,690	3.6	4,972	3.6	1,927	4.5
Ice Cream & Mixes	3,607	10.4	3,436	10.6	3,823	9.8
Livestock Feed	87		83		86	
Dumped Products	19		58		14	
Skim Equiv. Fort. Prod.	1,931		1,769		1,256	
Ending Inventory	4,057	3.9	5,168	3.8	4,521	4.0
Shrinkage	1,047	2.7	959	3.5	905	3.2
Total Utilized in Class II	25,376	3.9	28,978	4.0	21,727	4.1
Nonpool Receipts*	-10,045	3.8	-10,595	3.7	-9,410	4.4
CLASS II - PRODUCER MILK	15,331	3.9	18,383	4.2	12,317	3.8
TOTAL PRODUCER RECEIPTS	77,781	3.6	79,655	3.6	67,250	3.6

NOTE: Bakeries et al. includes products for candy manufacturing, aerated cream, sour cream products not labeled Grade A, and small amounts of eggnog during off-season months.

CLASSIFICATION OF MILK

ORDERS 39, 45, 51

— NORTHEASTERN MARKET NO. 45 —

July 1965		June 1965		July 1964	
Thousand Pounds	% B'fat	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat
20,379	3.4	17,906	3.5	19,595	3.4
780	3.5	762	3.6	799	3.5
1,326	2.0	1,142	2.1	1,041	2.0
252	1.8	237	1.8	208	1.9
729	.4	821	.4	682	.3
560	.4	388	.5	601	.4
262	.9	222	1.0	342	.7
122	.7	108	.7	85	.9
479	12.7	391	12.8	470	12.8
5	22.8	4	22.0	5	22.6
99	34.9	88	35.1	95	35.1
103	19.0	80	19.2	102	18.8
<u>25,096</u>	<u>3.5</u>	<u>22,149</u>	<u>3.5</u>	<u>24,025</u>	<u>3.5</u>
254	3.8	216	3.7	241	3.6
135	8.2	132	6.4	129	9.6
<u>25,485</u>	<u>3.5</u>	<u>22,497</u>	<u>3.5</u>	<u>24,395</u>	<u>3.6</u>
-899	2.7	-645	2.9	-198	3.5
24,586	3.6	21,852	3.6	24,197	3.6
-	-	-	-	-	-
2,448	1.0	2,507	1.1	2,609	1.0
4,769	3.4	10,986	3.6	5,844	3.4
265	34.4	617	35.5	279	34.3
2,192	.5	5,332	.4	2,167	.2
2,248	7.4	1,981	7.7	2,305	7.2
67	-	71	-	85	-
14	-	59	-	81	-
538	-	470	-	586	-
2,080	4.3	2,443	4.1	2,278	3.9
438	4.2	515	3.1	518	4.6
<u>15,059</u>	<u>3.7</u>	<u>24,981</u>	<u>3.7</u>	<u>16,752</u>	<u>3.6</u>
-4,772	4.0	-4,589	3.6	-4,458	3.7
10,287	3.6	20,392	3.7	12,294	3.6
34,873	3.6	42,244	3.6	36,491	3.6

— MADISON MARKET NO. 51 —

July 1965		June 1965		July 1964	
Thousand Pounds	% B'fat	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat
7,382	3.4	6,749	3.4	10,457	3.4
387	3.8	339	3.8	468	3.8
1,362	2.1	1,275	2.1	2,123	2.1
-	-	-	-	-	-
403	.8	408	.8	677	.8
54	.5	53	.2	59	.3
130	1.3	106	1.3	243	1.6
5	.8	4	.4	3	.4
300	12.3	248	12.2	378	12.2
8	27.3	8	28.2	5	22.2
29	34.5	30	35.0	51	34.0
48	19.7	49	19.6	53	19.4
<u>10,108</u>	<u>3.6</u>	<u>9,269</u>	<u>3.5</u>	<u>14,517</u>	<u>3.4</u>
2,220	3.6	1,252	3.6	710	4.0
183	2.4	113	7.2	75	3.3
<u>12,511</u>	<u>3.6</u>	<u>10,634</u>	<u>3.6</u>	<u>15,302</u>	<u>3.5</u>
-699	4.3	-1,196	4.0	-750	4.3
11,812	3.5	9,438	3.5	14,552	3.4
10	16.0	3	8.7	5	28.2
881	1.0	915	.9	1,392	.9
910	2.7	2,121	2.9	1,079	2.8
150	34.2	478	35.3	201	34.0
1,196	-	3,922	-	1,438	-
1,469	7.0	1,250	7.6	1,624	7.7
100	-	95	-	97	-
4	-	11	-	-	-
305	-	316	-	430	-
894	3.9	1,015	3.8	1,165	4.2
260	1.9	235	2.7	348	1.9
<u>6,179</u>	<u>3.7</u>	<u>10,361</u>	<u>3.7</u>	<u>7,779</u>	<u>3.8</u>
-2,907	3.7	-3,738	3.6	-3,185	3.8
3,272	3.7	6,623	3.7	4,594	3.7
15,084	3.6	16,061	3.6	19,146	3.5

* Includes receipts of other source milk, beginning inventory, and overage, all as allocated to classes, and adjustment for Class II interorder transfers shown as Class I.

CLASS I AND RECEIPTS BY MONTHS

POUNDS OF PRODUCER MILK IN CLASS I, ITS PERCENTAGE TO TOTAL PRODUCER MILK WITH TOTALS FOR PRODUCER MILK AND FOR OTHER SOURCE MILK BY WISCONSIN MARKETS

Year and Month	MILWAUKEE, No. 39				NORTHEASTERN, No. 45				MADISON, No. 51			
	CLASS I		From Pro-ducers	Other Source Milk	CLASS I		From Pro-ducers	Other Source Milk	CLASS I		From Pro-ducers	Other Source Milk
	Mil.#	%	Mil.#		Mil.#	%	Mil.#		Mil.#	%	Mil.#	
1964												
July	55.0	81.7	67.2	3.9	24.2	66.3	36.4	2.3	14.6	76.0	19.1	2.7
Aug.	55.7	81.5	68.3	3.8	24.1	69.5	34.6	2.7	14.5	76.4	19.0	2.5
Sep.	58.5	86.0	68.0	4.8	24.0	71.5	33.6	2.3	16.6	82.7	20.1	2.4
Oct.	63.9	88.0	72.6	5.1	25.4	67.6	37.6	2.0	18.5	85.2	21.8	2.6
Nov.	58.5	81.8	71.5	4.0	23.2	62.3	37.2	2.0	16.7	78.7	21.2	3.2
Dec.	62.7	82.6	75.9	4.1	24.2	59.4	40.8	1.9	17.3	75.2	23.1	2.6
1965												
Jan.	62.0	79.3	78.2	3.9	24.0	56.2	42.8	1.9	17.0	71.3	23.8	2.3
Feb.	57.6	80.5	71.6	3.7	22.6	57.0	39.6	1.9	14.3	65.8	21.8	1.9
Mar.	64.5	80.8	79.9	4.4	25.3	56.4	44.8	2.3	18.0	75.0	24.0	2.2
Apr.	65.8	79.8	82.4	4.5	23.8	54.3	43.8	2.1	11.3	64.9	17.4	2.3
May	64.2	75.8	84.7	4.3	23.0	51.6	44.7	2.1	9.9	59.6	16.6	4.9
June	61.3	76.9	79.7	4.8	21.8	51.7	42.2	2.5	9.4	58.8	16.1	3.7
July	62.5	80.3	77.8	5.3	24.6	70.5	34.9	3.2	11.8	78.3	15.1	2.6

FARM NUMBERS AND DELIVERIES

NUMBER OF FARMS AND AVERAGE DAILY DELIVERIES PER FARM BY WISCONSIN MARKETS

Year and Month	MILWAUKEE				NORTHEASTERN				MADISON			
	Number of Farms		Avg. Daily Per Farm		Number of Farms		Avg. Daily Per Farm		Number of Farms		Avg. Daily Per Farm	
	'64	'65	'64	'65	'64	'65	'64	'65	'64	'65	'64	'65
Jan.	2250	2251	1058	1121	1421	1304	1014	1058	642	645	1125	1189
Feb.	2237	2249	1093	1136	1341	1306	1038	1084	641	644	1163	1206
Mar.	2227	2241	1110	1154	1335	1305	1055	1107	640	638	1163	1215
Apr.	2209	2364	1116	1166	1334	1301	1063	1122	635	508	1158	1144
May	2181	2357	1132	1161	1333	1282	1075	1125	633	488	1167	1095
June	2170	2334	1092	1152	1319	1286	1050	1095	628	486	1102	1102
July	2180	2345	1003	1073	1323	1203	890	935	635	497	973	979
Aug.	2229		1005		1326		843		639		958	
Sep.	2236		1021		1317		851		646		1035	
Oct.	2268		1031		1318		920		649		1082	
Nov.	2257		1060		1312		944		642		1103	
Dec.	2254		1090		1311		1005		645		1153	
Avg.	2225		1067		1332		979		640		1098	

COMPARATIVE STATISTICS

SELECTED DATA COMPARISONS, WISCONSIN MARKETS

	Order No. 39			Order No. 45			Order No. 51		
	July '65	July '64	Com- parison	July '65	July '64	Com- parison	July '65	July '64	Com- parison
Average Daily:									
Producer Milk, thous. lbs.	2509	2169	+15.7%	1125	1177	+4.4%	487	618	-21.2%
Other Receipts " "	170	152		103	74		116	127	
Gross Class I " "	2028	1776	+14.2%	822	787	+4.4%	403	494	-18.4%
Gross Class II " "	819	701	-16.8%	486	540	-10.0%	200	251	-20.3%
Deliveries per Farm, lbs.	1073	1003	+7.0%	935	890	+5.1%	979	973	+0.6%
Number of Farms	2345	2180	+165	1203	1323	-120	497	635	-138
Avg. Test of Prod. Milk, %	3.56	3.58		3.59	3.56		3.56	3.50	
Number of Handlers:									
Pool Plants	25	25	-	61	64	-3	19	20	-1
Other Handlers	4	5	-1	4	7	-3	9	9	-
Producer Milk in Class I, %	80.3	81.7		70.5	66.3		78.3	76.0	
Shrinkage to Total Receipts:									
Product Pounds, %	1.38	1.40		1.51	1.67		2.21	1.64	
Butterfat Pounds, %	1.33	1.43		2.17	2.63		1.30	.96	

NEARBY FEDERAL ORDER DATA

TOTAL AND CLASS I PRODUCER MILK, WITH RELATED PRICES - JULY 1965

Market	Producer Milk	Class I Milk	Class I Price 3.5% Milk	Producer Price 3.5% Milk
	thous. lbs.	thous. lbs.	\$ per cwt.	\$ per cwt.
Chicago, No. 30	447,691	192,483	3.96	3.63
Duluth-Superior, No. 69	13,850	7,476	4.35	3.70
Madison, No. 51	15,084	11,812	3.84	3.72
Mich. Upper Peninsula, No. 44	10,986	8,270	3.91	3.85
Milwaukee, No. 39	77,781	62,450	3.84	3.72
Minneapolis-St. Paul, No. 68	85,373	52,585	4.11	3.81
Northeastern Wisconsin, No. 45	34,873	24,586	3.70	3.58
Quad Cities-Dubuque, No. 63	21,492	13,537	4.06	3.75
Rock River Valley, No. 38	10,944	7,992	3.88	3.69
Southern Michigan, No. 40	302,679	180,820	3.99	3.69

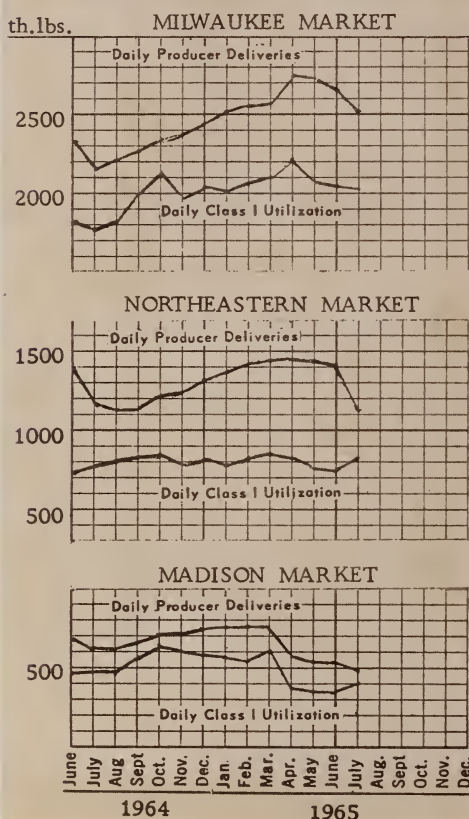
NOTE: The producer price shown for Michigan Upper Peninsula and Milwaukee is, in each case, the weighted average of minimum pay prices for pool plants, including zone or location differentials. Announced prices for basic zones are quoted in other instances. During base pay periods weighted averages are shown for base and excess prices.

WISCONSIN FEDERAL MILK ORDER BULLETIN

Published Monthly By
Federal Milk Market Administrator
4920 West Burleigh Street
Milwaukee 10, Wisconsin
for the
Milwaukee, Northeastern
and Madison Marketing Areas

This bulletin is primarily to provide producers who are not members of cooperative associations with market information in accordance with § 1039.74 of the Milwaukee Wisconsin marketing order, § 1045.75 of the Northeastern Wisconsin marketing order, and § 1051.77 of the Madison Wisconsin marketing order.

Comparison of Daily Producer Deliveries
to Daily Class I Utilization



Joint Hearing, Continued from page 1

Northwestern Indiana (Gary-South Bend-Elkhart); Suburban St. Louis; Rock River Valley (Rockford-Freeport); Milwaukee; Madison; St. Louis; Quad Cities-Dubuque (Rock Island); Ozarks (Springfield, Mo.); Cedar Rapids-Iowa City; North Central Iowa (Waterloo-Marshalltown-Mason City); and Des Moines. The orders apply to parts of Arkansas, Illinois, Indiana, Iowa, Missouri, and Wisconsin.

Skim Milk Pricing, Continued from page 1

milk from producers and uses it in Class I, on the basis of the milkfat differential in the example, the value of 100 pounds of skim milk used in Class I is \$2.48.

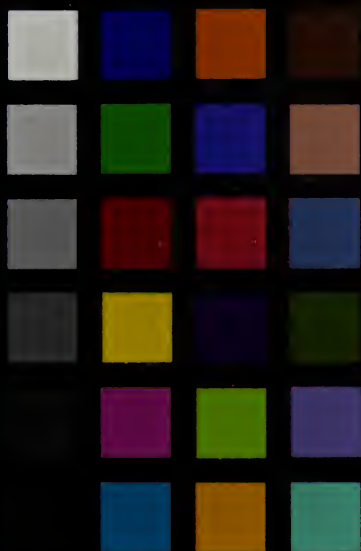
Thus, the butterfat differential allocates value of the whole milk to milkfat and skim milk portions. A high butterfat differential prices the cream portion of fluid milk products relatively high and the skim milk portion relatively low. It encourages the use of cream substitutes.

Among the 79 Federal orders last year the Class I value of skim milk ranged from \$1.10 per 100 pounds in Northeastern Wisconsin to \$3.71 in Southeastern Florida. This difference is closely related to distance from Midwest milk production areas, in the same manner as Class I whole milk prices. However, as a percent of Class I price, the skim value ranges from 26 percent in Sioux Falls-Mitchell to 59 percent in Southeastern Florida and Corpus Christi, Texas.

Although the range in Class I fat values has remained about the same, the value established for skim milk has increased in many Federal order markets, as USDA has lowered the butterfat differential. Wholesale butter prices were about the same in 1964 as in 1956, but the average Class I butterfat differential fell from 7.7 cents to 7.4 cents in the same period. This dropped the fat value and caused the average skim milk value to increase 10 cents per 100 pounds.

A downward shift in fat value places a higher value on the skim milk portion of fluid milk products. In some instances alternative sources of solids-not-fat may be Grade A powder or condensed skim milk. On the other hand, differentials for butterfat content, unless related to fat values in alternative uses, can cause uneconomic developments. (Dairy Situation, July 1965)

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